
Assessment Reporter

Defense Contract Management Command
Assessment Center, Ft. Belvoir, VA

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June—December 1996
703-767-2410

First Home Page Edition

This is the first Home Page edition of *Assessment Reporter* which will be initially distributed twice a year. The purpose is to provide information on DCMC Assessment programs and to specifically summarize “Promising Practices,” “Noteworthy Areas” and favorable observations made during on-site assessment visits to DCMC activities. The intent is to provide a perspective of contract administration process performance that will help all DCMC offices improve the quality and timeliness of Contract Administration Services (CAS). *Assessment Reporter* has been compiled by the Program Analysis Group of the DCMC Assessment Center. Comments may be addressed to Mr. Thomas McDonnell, 703-767-2410, thomas_mcdonnell@hq.dla.mil.

New Assessment Team Chief

Mr. Thomas Brunk, Executive Director, Operational Assessment and Programming, recently announced the appointment of Mr. Thomas McDonnell as Chief of the DCMC Assessment Center. Mr. McDonnell said the Assessment Center will perform 30 Internal Operations Assessments (IOAs) during 1997, and he will be leading several of the teams.

Mr. McDonnell has extensive experience in contracting and assessment including assignments with the Air Force Contract Management Division before DCMC was organized in 1990. Subsequently, Mr. McDonnell served in the DCMC Special Programs office. He was awarded the Defense Meritorious Civilian Service Award for accomplishments during this period.

Mr. McDonnell replaces Col Frank Toda who will become Commander of DCMC Hartford, CT, on June 25, 1997. Col Toda had been Assessment Team Chief for the past three years. He was instrumental in introducing the Unit Self-Assessment to DCMC and in developing the current IOA process. Previously, he managed the DCMC FOCUS program and coordinated Air Force customer support for DCMC.

DCMC Assessment Programs

DCMC Assessment Programs are established by the DCMC Management Control and Assessment Process (MCAP)—*One Book*, Part II, Chapter 9. The Internal Operations Assessment or *IOA* is the principal on-site assessment format. IOAs are validation reviews of Unit Self-Assessments (USAs) and Management Control Reviews (MCRs) which are conducted by CAOs. The IOA Team uses the DLA Performance Improvement Criteria (PIC) and DCMC *One Book* process descriptions as the baseline for IOA evaluations.

Internal Operations Assessments (IOAs)

An IOA is usually conducted over a one-week timeframe. Typically, an IOA team of about 10-15 examiners arrives on Sunday afternoon and has a brief organizational meeting Sunday evening. On Monday morning, an in-briefing about the purpose and the on-site process is presented to the CAO Commander, staff, and employees. For the remainder of the week, examiners conduct interviews and look at documentation in their assigned areas.

The on-site process is open for everyone. During the week, the IOA Team Chief meets frequently with the Commander to discuss areas reviewed. Tentative observations (both good and not-so-good) are posted on a “story board” display to facilitate dialogue with CAO process champions. An out-briefing (centering on the “story board”) is provided late Friday morning or early afternoon. Observation categories are: Promising Practice, Noteworthy, Satisfactory, Minor Concern, Major Concern, and Serious Concern. Observations are provided for individual *One Book* processes and Performance Improvement Criteria “Items.”

IOA Schedule

The IOA schedule through July, as released by Maj Gen Drewes in a Memorandum dated April 11, is as follows:

May 12-16	McDonnell Douglas, St. Louis, MO
May 19-23	St. Louis, MO
Jun 2-6	Detroit, MI
Jun 9-13	Lockheed Martin Astronautics, Denver, CO
Jun 16-27	Denver, CO
Jul 7-11	CCMO, Washington, DC
Jul 21-Aug 1	Hartford, CT

Assessment Challenge Update

Assessment Challenge No. 5, “Refine Assessment Processes,” continues to make substantial progress according to the process owner, Mr. John Glover of the Assessment Center.

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4 Promising Practices & Noteworthy Areas

Re-write of the Assessment *One Book* Chapter was coordinated with CAOs last fall, District headquarters in January, and the Executive Council in February. The chapter was approved by Maj Gen Drewes as Policy Letter No. 97-03, dated March 11, 1997. Major changes include:

- The Internal Management Control (IMC) program becomes the "Management Control Program" and is combined with existing assessment programs such as the USA and the IOA.
- Authority for process risk assessment, selection and scheduling of Management Control Reviews (MCRs) has been delegated to CAOs and a three-year cycle has been established. (Previously, a five-year MCR cycle was used and process selection was determined by DLA Headquarters.)
- A requirement for CAOs to conduct Monthly Management Reviews (MMRs) similar to MMRs conducted by DCMC Headquarters has been added for review of performance data (metrics), Performance Plan and USA progress, and MCR results.
- A new guidebook, "Management Control Review Criteria" has been approved to serve as a companion to the USA guidebook, "The DLA Performance Improvement Criteria."

The purpose of these changes, according to Mr. Glover, is to provide a complementary set of self-assessment tools for the CAO—the USA and MCR. By combining both management and quality improvement principles in these tools, we hope for a quality improvement atmosphere while we maintain standardization and performance to process and customer requirements.

The policy letter, the two guidebooks, a briefing on the new Assessment chapter, and other materials can be found on the Performance Assessment Team Home Page: www.dcmc.dcrb.dla.mil.

Assessment Center

In December, 1995, DCMC established an Assessment Center with offices in Manassas, VA, Boston, MA, and Los Angeles, CA, to support IOAs. In November 1996, the Center was consolidated under DCMD International with offices in Manassas, Ft Belvoir and Los Angeles. The Center reports to the Assessment Team Chief at Headquarters, DCMC (AQBC) and has employees covering principal CAS functional areas: contracting, program integration, property, engineering, and quality assurance. The Center supports approximately thirty IOAs per year which provides full CAO coverage on a three-year cycle. The Center occasionally requires augmentees from field offices.

Augmentees Needed

IOAs are generally conducted by full-time examiners. Depending on the number of reviews underway and the needs for a particular review, augmentees are sometimes required in core functional areas as well as specific functional areas such as software, safety, and flight operations. Augmentees must be very experienced in their area and be available for approximately three weeks.

Augmentees gain invaluable experience and insight in their career fields through exposure to practices at other CAOs. A side benefit is that augmentees get an inside glimpse of IOAs which should help CAOs prepare for their own IOA.

Individuals interested in becoming an augmentee may submit a letter, with the endorsement of their Commander, to the Assessment Center at 10500 Battleview Parkway, Manassas, VA 20109. The letter should include a short summary of experience and recent employment.

IOA Observation Categories

IOA observations are assigned one of six categories as defined below:

Promising Practice. Doing a great job. One of the better approaches in the Command. Deserves honorable mention and should be shared with other CAOs. Customers are delighted.

Noteworthy. Doing a good job. Above average. All is working very well. Sustained stable and very capable results. Effort clearly contributes to a positive image for the organization. Customers and stakeholders are very satisfied.

Satisfactory. Satisfactory performance. In compliance with the intent of DLAD 5000.4, *One Book*, and/or the DLA Performance Improvement Criteria (PIC). Doing an acceptable job. Stable and capable. Customers and stakeholders are satisfied.

Minor Concern. A condition which should be corrected but not necessarily immediately. No short-term danger of getting in trouble. Could be a *One Book* non-conformance, a PIC weakness or a less than optimal practice. Customers or stakeholders will not look favorably on this condition if it continues.

Major Concern. A condition which, if left uncorrected, will likely result in a Serious Concern (see below). It could either be a nonconformance to *One Book*, FAR, or public law - or - it could be a bad practice contributing to loss. Continuance of the condition will likely lead to customer or stakeholder dissatisfaction.

Serious Concern. The worst case condition has already occurred or the greatest potential negative impact has already been realized. This condition affects our effectiveness or efficiency - or - there is an apparent significant loss of government resources - or - the customers or stakeholders have expressed dissatisfaction with DCMC products or services.

Assessment Reporter

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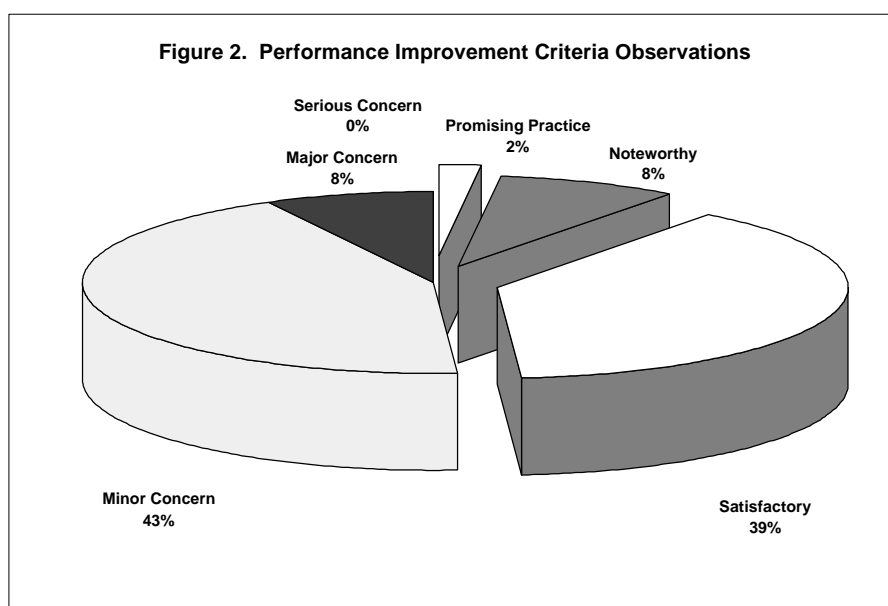
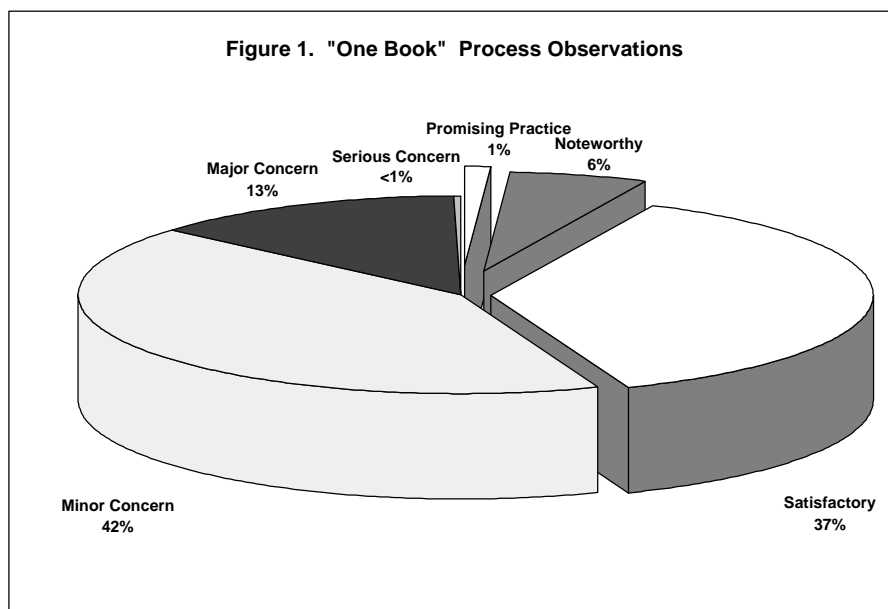
Karol Hall (5/14/97)

OBSERVATION SUMMARIES

Summary of IOA Observations, June - December 1996

IOA Observations are categorized as: Promising Practice, Noteworthy, Satisfactory, Minor Concern, Major Concern, or Serious Concern. In total, ten IOAs were conducted from June to December, 1996. 532 observations were made—376 for *One Book* requirements and 156 for Performance Improvement Criteria Items.

One Book and PIC observations were distributed as indicated in Figures 1 and 2.



PROMISING PRACTICES, NOTEWORTHY AREAS AND FAVORABLE OBSERVATIONS

II-6 Tracking and Reporting of Reimbursable Earnings

Promising Practice: DCMC Reading, PA, had developed and locally deployed a database program called *Automated Reimbursable Processing System (ARPS)*. ARPS is used to track, manage, and report (internally as well as input to DCARRS) the hours expended on each contract containing reimbursable work. Status reports are provided bi-monthly by contract and validated by team leaders for DCARRS reporting. The process is fully flowcharted with written directions and has been exported to another CAO.

V-1 Proposal Analysis

Noteworthy: DCMC United Defense LP (PA), was one of the first activities to utilize IPT pricing. A \$38M contract was awarded in less than 90 days from issuance of the RFP. Normal lead time would be 8-12 months.

Promising Practice: DCMC Lockheed Martin Orlando (FL) had developed a pricing model that allowed real-time for use during negotiations by all involved in IPT efforts. The model provided an easily understood and valuable format for customers (program offices) and for management review.

VI-9 Engineering Design and Development

Promising Practice: DCMC Lockheed Martin Defense Systems Pittsfield (PA) had formed an Engineering Council for all engineers assigned to the CAO. The council meets monthly for assessing and evaluating contractor systems, PROCAS teaming, surveillance planning, and coordinating Technical Support to Negotiations (TSN), contractor corrective actions and discussing common issues. Briefings on current contractor initiatives are regularly presented.

VI-10 Cost Performance Measurement (CPM)

Promising Practice: An examiner described monthly CPM surveillance folders at DCMC Bell Helicopter Textron, Inc. (TX), as the “best seen in over 24 years’ association with CPM.” Documentation was complete and substantive. Analyses and independent EACs addressed each of ten second level WBS elements. Calculations, rationale and comparisons to the contractor’s EACs were easily followed.

VI-11 Surveillance of Software Development

Noteworthy: Under a Joint Software Audit Plan, DCMC Lockheed Martin Defense Systems, Pittsfield (PA), software surveillance team members participate in working groups that provide tracking and trending of software efforts. CAO personnel: 1) perform trend analysis, 2) produce and track improvement indicators, and 3) provide metrics to the PMO. This practice increased process awareness and monitoring.

VI-21 Product and Manufacturing Assurance

Noteworthy: At DCMC Reading, PA, the QPM and QAR had used data gathered and analyzed from the inspection of 163 vehicles to obtain relief of selected mandatory inspections.

VIII-2 Property Control System Analysis

Noteworthy: At DCMC Lockheed Martin Marietta (GA), two PROCAS initiatives for joint property audit and for property control system analysis had enhanced CAO and contractor effectiveness and improved CAO confidence in contractor property audit products and analyses.

XII-10 Specialized Safety

Noteworthy: Proactive intervention by the Specialized Safety associate at DCMC Lockheed Martin Marietta (GA), mitigated an explosives safety issue. \$8M in lightning protection system facility modifications was avoided by proposing procedural changes to the contractor that eliminated a need for temporary storage of pyrotechnic devices.

XIV-14 Contract Closeout

Noteworthy: DCMC Westinghouse Baltimore (MD), led effort among the ACO, the property administrator, DCAA and the contractor’s closeout team which had identified and resolved issues on eligible and “eligible within six months” contracts. The number of overage contracts had been reduced to under 20%.

Promising Practice: A similar teaming effort at DCMC Valley Forge and Moorestown involved the contractor, program office, DFAS, PCOs, ACOs and Contract Administrators. Regular meetings identified issues before they became problems.

1.1 Senior Executive Leadership

The “Top Four” senior leaders at DCMC Lockheed Martin Marietta (GA), were obviously visible at all levels of their organization. These leaders, and particularly the Commander, personally delivered perspectives on values, customer focus, and expectations on a scheduled basis. Tools used by these leaders to communicate included: Commander’s Calls, councils, forums, staff meetings and an active union partnership. Leadership at DCMC Bell Helicopter Textron, Inc. (TX) is deeply involved and visible in a variety of quality-related activities.

1.2 Leadership System and Organization

Some improvement projects were found: connectivity with program offices, Customer Support Plans signed by Commanders and SPO Directors (DCMC Lockheed Martin Marietta (GA)) and creation of “War Rooms” with up-to-date metrics (DCMC Lockheed Martin Orlando (FL)).

2.1 Management of Information and Data

A few CAOs had created internal relational databases and information products that were being used for management (DCMC Westinghouse Baltimore (MD), DCMC Lockheed Martin Orlando (FL), and DCMC Reading, PA.)

Promising Practice: DCMC Lockheed Martin Orlando (FL), had enhanced the Performance Based Assessment Model with a “Visual Basic” front end to help Program Support Teams work through the model’s risk categories.

2.3 Analysis and Use of Data

Noteworthy: DCMC Westinghouse Baltimore (MD), had created a locally automated corrective action tracking system designed to provide cross functional and management level visibility of CAO identified contractor product and process deficiencies. The system was on-line and available as “read only” to the contractor. Another data base was a suspense tracking system which included both performance plan tasks and Internal Management Control Review corrective actions.

Noteworthy: DCMC Reading, PA had developed a contract database for the entire CAO by down loading COMPASS data into an Excel spreadsheet. Use of the database provided quick visibility of selected contracts.

3.1/3.2 Strategy Development & Deployment

Noteworthy: At DCMC Lockheed Martin Pittsfield (MA), each team with the TAG and Operations groups had developed team performance plans(3.1). Team and Group Chiefs met weekly and, in turn, Group Chiefs met with the Commander to provide performance plan status updates (3.2). The Commander maintains a “stop-light” style bulletin board display of Performance Plan goal status (3.2).

4.2 High Performance Work Systems

Some innovative works systems observed were: mutually supporting TAG and OPS Chief duties (DCMC Bell Helicopter Textron, Inc. (TX)), Cross-Talk/Cross-Fire learning chats (DCMC Lockheed Martin Marietta (GA)), ADP employee teams solving problems locally (Carol’s crew, DCMC Lockheed Martin Marietta (GA)), and creation of models and databases to work more effectively and efficiently (multiple CAOs).

4.4 Employee Well-Being and Satisfaction

DCMC Lockheed Martin Marietta (GA) and DCMC Raytheon Burlington (VT) had taken employee survey results and turned them into actions that addressed employee’s top concerns.

6.3 Human Resource Results

DCMC Lockheed Martin Marietta (GA) had one of the highest training completion rates in the Command.

7.2 Customer Relationship Management

DCMC Lockheed Martin Marietta (GA) had a strong customer focus orientation. Program Support Teams were formed and Program Integrators (PIs) had been appointed for major programs. CAO team members were working closely with program IPTs and promoted customer relations, service and team involvement. The Commander, PIs and other associates visit program offices to give briefings, to obtain feedback on CAO performance, to review status, and to generally promote and improve customer relations and service. At DCMC Lockheed Martin Orlando (FL), PIs are responsible for receipt, close-out and follow-up on all complaints. DCMC Bell Helicopter Textron, Inc. (TX) had established e-mail connectivity with all major program customers and used e-mail daily.

7.3 Customer Satisfaction Determination

DCMC Westinghouse Baltimore (MD) had established a Customer Satisfaction Working Group (CSWG) with volunteers from teams. Postcard Trailers were attached to all outgoing reports and other products requested by the customer. The DSWG was responsible for receiving, tracking, suspending, validating, close-out and follow-up for all customer complaints, formal or informal. All Trailers were reviewed by the Commander, forwarded to the CSWG, and ultimately to the appropriate Group Chief and team for action. Trends and comparisons by program dated back to 1993.